

**Statement of Edward A. Merlis, Senior Vice President
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Before the Senate Aviation Subcommittee hearing on
Government and industry-wide efforts
To address air traffic control delays
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Good morning, Madam Chairman and members of the subcommittee. I am Edward Merlis, Senior Vice President of the Air Transport Association of America (ATA).¹ I appreciate the opportunity to appear before you to discuss government and industry-wide efforts to address air traffic control delays. It is through a shared commitment to solving the interrelated causes of delays that we can find our way out of an escalating problem.

Simply stated, our aviation system's three components of capacity – airlines, air traffic control, and airports -- are out of synch and consequently are not meeting the needs of the traveling and shipping public. Each is under the control of very different forces. Yet, at the end of the day, all of the components must work together harmoniously if we are to have a smoothly functioning aviation system.

When I appeared before the subcommittee on March 29, I addressed (and endorsed) the legislation that you and Senator Rockefeller introduced – S. 633, the Aviation Delay Prevention Act. At that hearing, I noted that the bill addresses both near-term and long-term issues, e.g. so-called over-scheduling at certain delay-plagued airports and expansion of our airport infrastructure. Today, I would like to review both activities related to the airport capacity conundrum as well as discuss systems and procedures we can utilize to expand air traffic control capacity and minimize delays. Some of these are short-term; a number are long-term.

AIRLINE-SPECIFIC ACTIONS

Even prior to FAA's issuing the capacity benchmarks; carriers began taking unilateral scheduling actions at certain airports to mitigate delays. For example, last summer American Airlines identified the cascading effect of O'Hare-related flight delays attributable to aircraft utilization patterns. As you know, an aircraft departing from a city generally travels through a number of other cities in the airline's system before returning to the originating city. Depending on the aircraft, routing, and mission, this may take several days or even weeks. Unfortunately, that same practice can exacerbate delays in cities unrelated to the initial departure point on a day with adverse weather. In order to minimize these consequences, American has isolated, to the maximum extent practicable, aircraft used for service at

¹ ATA member airlines include: Alaska Airlines, Aloha Airlines, America West Airlines, American Airlines, American Trans Air, Continental Airlines, Delta Air Lines, DHL Airways, Emery Worldwide, Evergreen International Airlines, Federal Express, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Polar Air Cargo, Southwest Airlines, Trans World Airlines, United Airlines, United Parcel Service, and US Airways. Associate members include: Aerovias De Mexico, Air Canada, KLM Royal Dutch Airlines, and Mexicana De Aviacion.

O'Hare. As a result, it is anticipated that delays arising from O'Hare will not cascade to subsequent cities in its system.

Similar aircraft isolation initiatives to reduce the domino effect of the initial delay have been undertaken by Delta, United, and US Airways.

Another action carriers can and have taken concerns smoothing out scheduling peaks. During the course of the day, particularly at a hub, an air carrier bunches flights in order to maximize connectivity among city pairs. Examining these schedule peaks has resulted in a number of important decisions that hold promise. For example:

- American has smoothed out its peaks at Dallas-Ft. Worth International Airport.
- Continental has engaged in a similar de-peak exercise that has already borne fruit. During the first quarter of 2001, delays at Newark International Airport, one of the nation's most delay-plagued airports, decreased by 20% from the previous year.
- Delta has taken a significant delay mitigation step by increasing the number of connecting complexes or "banks" at Atlanta Hartsfield International Airport from 10 to 12 while reducing the maximum number of flights in any bank from 90 to 75. By spreading these flights over a greater portion of the day, delays arising from peaks are being significantly reduced.

Another action designed to reduce delays has to do with choosing airports. While it is essential for an airline to ascertain where its customers want to fly, in certain circumstances there is a measure of passenger flexibility. For example, many are familiar with Southwest's practice often resulting in its use of alternative airports to the main airport in a particular city. Southwest has done this by using Midway instead of O'Hare, Islip instead of the three New York-Newark airports, Ft. Lauderdale instead of Miami, and Providence, RI and Manchester, NH instead of Boston Logan. Similar efforts of this type include Northwest's increasing service levels at Manchester, NH and Portland, ME and Southwest's recent elimination of all service at San Francisco International Airport in order to increase schedule reliability. In addition to passenger flexibility, however, airlines can only use alternative airports if the infrastructure is available and the cost is not excessive.

One other limitation on expansion of this practice is a set of long-standing, grandfathered airport use restrictions. Thus, carriers seeking to expand to Westchester County Airport in lieu of the congested New York-Newark airports, or Long Beach and John Wayne Airport in lieu of Los Angeles International Airport, or San Jose instead of San Francisco, find that there are local limitations on the use of these airports unrelated to capacity. Efforts to lessen these restrictions may bear fruit in our efforts to expand airport capacity in the national system.

AIR TRAFFIC CONTROL

There continue to be a number of collaborative efforts between the FAA and the airline industry to address the capacity of the air traffic control system to accommodate the demands placed upon it. First, I would like to address a short-term venture that has grown out of the necessity created by the spiraling increase in delays during the past few years.

Since the summer of 1999, ATA and FAA have been searching for mechanisms to handle near term capacity shortages that arise on days with particularly adverse weather conditions. As a result of evaluations of the spring/summer 2000 plan, a number of modifications were made to the spring/summer 2001 program, whose operations commenced April 1st.

In preparation for that initiative, approximately 3,100 airline and FAA employees went through a joint airline - FAA training process and have now been trained in the goals and methods of the program, the requirements for communications, and the decision making process. Each morning, the air carriers conduct a separate industry-only weather briefing conference call to see if agreement can be reached as to the impact of the daily weather forecast. Subsequently, every two hours during the day, joint conference calls are held between the air carriers' operations centers, FAA's command center, and FAA's field facilities to provide additional information concerning changes in weather, to agree on the plan of operation, to determine how the program for the day is working, and to identify modifications that need to be made.²

The program has been in effect for a month, but I think it is safe to say that it is working better than it did last year. There is a greater commitment to its success by both FAA and our carriers. More air carriers are participating and more air carrier employees are involved.

This cooperation and collaboration is not unusual. There is a long history of industry - FAA cooperation in developing and expediting technological advances in the air traffic management, navigation and aircraft operations arenas that we seek to foster.

One of the best examples of FAA-industry collaboration was the effort undertaken to address the Year 2000 computer bug. The Y2K Program has been heralded by many within FAA and the industry as a model for future FAA program management because of the partnership internally at FAA as well as with industry. These partnerships were set out at the beginning of the program and continued through the successful rollover on January 1, 2000.

FAA's Year 2000 Program Office structure can be instructive and useful in developing a set of recommendations for future FAA programs. Our assessment is that FAA's Y2K success is

² The authority to coordinate schedules during periods of inclement weather, as provided in proposed section 41722 (b)(1) of Title 49, as amended by S. 633, might prove to be particularly useful if incorporated into the process described herein.

attributable, in large measure, to an accountability structure that included firm deadlines, direct communication with the Administrator, access to funds when needed, and by a collaborative and consultative initiative that engaged all of the affected parties throughout the program's life.

In this same vein, the Free Flight Phase One Program Office is another qualified success in that it reports directly to the Deputy Administrator and is, for all intents and purposes, running on schedule. Another FAA – industry cooperative initiative is “Safe Flight 21,” a program that will be instrumental in the development of technologies that move the industry closer to free flight, including the development of Automatic Dependent Surveillance – Broadcast (ADS-B) as an important tool to combat the problem of runway incursions and surface collisions.

FAA - industry cooperative efforts also extend to the Local Area Augmentation System (LAAS) and Wide Area Augmentation System (with the WAAS Integrity and Performance Panel), both working on standards and implementation of Global Positioning Satellites in aircraft navigation. The Free Flight Steering and Select Committees are working on improvements in the routings and handling of aircraft in flight. There is an effort underway to expedite the testing and implementation of Controller-Pilot Data Link Communication (CPDLC), which will provide great improvements in the provision of information back and forth between airliners and controllers.

Lastly, the release two weeks ago of the NAS Operational Evolution Plan – and FAA's continuing consultation with industry on that plan – has a high potential for success. We appreciate the opportunity that has been afforded the industry to work with FAA on this essential long-term plan. FAA has responded positively to many of the industry's suggestions, particularly those concerning accountability. We feel that the NAS Operational Evolution Plan is an important living document that charts a course to increased air traffic capacity.

There are many areas where industry and FAA work well together to develop various tools – and these are only some of the more formalized working arrangements that exist. There are others that are simply government-industry work groups with no formal titles or mandates other than to confer, compare notes, and collaborate on progress. While progress is not always easy, we believe that these efforts are very worthwhile, and we are constantly seeking new areas in which to cooperate.

Let us not leave out of this discussion the work of the air traffic controllers. While I have focused on the institutional relationships between the airline industry and FAA, it is important to recognize the contribution to this process made by our air traffic controllers. These hard working men and women deserve our respect, our admiration, and our appreciation.

AIRPORT CAPACITY BENCHMARKS

We anticipate that passage of the antitrust immunity provision in S. 633 may provide some additional near-term relief. However, we should not set our expectations too high. FAA's OPSNET

data consistently demonstrates that about 11% of delays are related to “terminal volume” or airline scheduling. Looking at FAA’s recent capacity benchmarks thus provides us with an excellent opportunity to quantify how much of that “volume” is related to scheduling. While a number of carriers have been able to smooth out the scheduling peaks at airports where they have the most traffic, it is at airports with large numbers of competitors that the antitrust immunity is necessary to facilitate carrier scheduling coordination to levels below the benchmarks.

We looked at FAA’s capacity benchmarks compared to schedules excluding LaGuardia (LGA) and Phoenix (PHX).³ The results were telling. Adjusting schedules will not provide the dramatic improvement in on-time performance we all seek. The chart attached to my testimony – entitled *Good Weather Analysis of OAG Schedules vs. Airport Capacity Benchmarks* explains this phenomenon.

Let me use an example. It has been well publicized that at Chicago O’Hare (ORD) schedules exceed capacity for three hours of every day. However, in examining the total number of scheduled flights that exceed capacity during those three hours, we find only 66 or 2.7% of all (2416) flights scheduled at ORD between the busiest hours of 7 AM and 10 PM.

Madam Chairman, if you look at the second chart entitled *Delays vs. Scheduling*, you will find some particularly revealing information which suggests that the remedy for our delay problem must not be limited to scheduling. The chart shows that there are substantial delays occurring at a number of airports operating at or below the ostensible capacity as reported by FAA. Moreover, it shows that there are minimal delays at several airports operating substantially above the capacity benchmarks. Just to use extremes, at no hour of the day does Detroit operate above the benchmark, yet it has average delays per flight in excess of those at airports such as Dallas-Ft. Worth, Seattle-Tacoma and San Diego, each of which operates above the benchmark.

This finding confirms the FAA Administrator’s admonition when the benchmarks were released – that the data was an interesting data set that could provide some useful information to deal with airport capacity issues. When coupled with our analysis of the number of flights exceeding the benchmarks (556 out of 32,030 at the 29 airports), it clearly indicates that only a small portion of delays (1.7%) can be addressed by near-term efforts related to scheduling. Thus, we join with you, Madam Chairman, in focusing on increasing airport capacity in order to keep pace with anticipated demands.

³ FAA collected data in September 2000. Due to the interim rules implemented at LGA in January, the relevance of the LGA schedule cannot be determined. Although LGA is included in the charts accompanying the testimony, it is not included in our analysis and computations. PHX has been left out of both the charts and the computations due to errors contained in the schedule data.

CONGESTION PRICING and OTHER DEMAND MANAGEMENT SCHEMES

Some have suggested that limits be put on our national economy's demand for air transportation. This is wrong. Throttling back the economy is not a solution. Increasing capacity is the only appropriate response to the public's needs – and in the long run, the only response that the public will accept. Moreover, the more efforts are directed at demand management, the more likely we are to lose focus on the real problems and the more we will fail to provide what the American people want – safe, fast, frequent, efficient air transportation at fair prices.

Congestion or peak hour pricing has been suggested by some as a means to ration airport capacity. Our concern with congestion or peak hour pricing is that these regimes focus on demand management rather than capacity management. In our view implementation of such a scheme is an admission of failure to meet the public's transportation needs – and the demands of our economy.

In an economically ideal world, congestion pricing is a measure of value that should be reflected in the costs paid by the air carriers and their customers. But we do not live in an economically ideal world. Based on conversations with members and staff of this and other congressional committees, we believe that there is a certainty that Congress would require any congestion pricing regime implemented to waive congestion pricing for some classes of users, (particularly those that disproportionately use the air traffic control system in relations to the number of passenger transported) thus undermining any potential congestion mitigation for all.

FAA has indicated that it will soon embark on rule-making proceedings to address congestion pricing, both broadly as well as at LGA. Based upon conversations which ATA has had with FAA staff, it is apparent to us that FAA is inclined to exempt from the congestion pricing regime a set number of slots per day for four special categories: general aviation, service to small communities, new entrants, and international flights. These four categories utilize approximately 30% of LGA's daily slots.

Economists we have consulted suggest that for a congestion pricing regime to work at LGA, landing fees need to be increased at least 500%. But if 30% of LGA's slots are exempted and the remaining 70% are subject to the increased fees, we anticipate that there will be no reduction in delays, albeit substantial numbers of passengers will be required to pay roughly \$50 per ticket more for the privilege.

Further, the resolution of complex legal, economic, and most importantly, safety issues necessitated by such a scheme will inevitably detract from efforts to address the more critical long-term issues. We are also concerned that fees raised during peak hours to limit demand will not be devoted to commensurate investment in capacity anywhere in the system, let alone at the facility in question. When that happens, congestion pricing is inconsistent with the goal of building and maintaining a safe, healthy, vibrant, and competitive national air transportation system.

Among our other concerns with congestion pricing are the following questions which should be carefully analyzed:

- To what extent will air traffic controllers, both on approach and en route, shuffle aircraft for which congestion-pricing premiums have been levied on passengers?
- How will congestion pricing be established and who will be responsible for setting it?
- Will congestion pricing serve as an excuse not to expand capacity to meet unmet and growing demand?
- How will traffic from small and midsize communities be able to bear the incremental costs arising from peak hour pricing? To what extent would such a system disenfranchise residents of these communities from the national network? Alternatively, pushing service to these communities outside of the peak hours may necessitate residents of those communities adding an additional overnight to a trip, at significant costs that need to be computed.
- To what extent will public policy exemptions -- small communities, new entrants, business jets, or government aircraft to name just a few -- result in just as much congestion but at higher prices for those not exempted?
- Should a congestion-pricing scheme be revenue-neutral, so as not to build up tempting surpluses that local officials will inevitably seek to siphon off the airport?
- Even if a congestion pricing system is revenue-neutral, should the terms by which grandfathered airports operate (49 U.S.C 47107(b)(2)) be changed to preclude them from using these funds for non-aviation purposes?
- How will congestion pricing affect feeder traffic flow from small planes and communities that may not be able to afford the peak hour surcharge? Without that feeder traffic and with fewer passengers on the connecting long haul over which the surcharges are spread, to what extent will the scheme have the potential to further increase prices on tickets elsewhere in the network?

CONCLUSION

In the long run, the safe and efficient operation of our aviation system is a collaboration of many partners. Where that collaboration operates with common understanding and respect, it holds the greatest promise for long-term success in air traffic control enhancements. We must expand and enhance our infrastructure if we wish to accommodate the growing demand for air travel on U.S. airlines forecast by FAA to reach one billion passengers annually by 2012.

Thank you for the opportunity to present this statement. We look forward to responding to the subcommittee's questions and continuing to work with you on your efforts to reduce delays through airport and air traffic control capacity expansion.